

Company number: 05292793

Charity number: 1113902

# Manchester International Festival

## Report and Financial Statements

30 September 2016

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## Trustees' report

The trustees are pleased to present their annual directors' report together with the audited consolidated financial statements of the charity and its trading subsidiary for the year to 30 September 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

### Our Purposes, Objectives and Activities

Our purposes are to promote, maintain, improve, develop and advance public education by the encouragement of the arts. Arts include music, opera, dance, singing, dancing, literature and visual arts and in particular their promotion by holding of festivals of culture, ideas and creativity.

Our aims and objectives by the Festival are:

- 1) To build on Manchester International Festival's position as the leading festival of original, new work, created by a wide range of significant international artists, by**
  - *Presenting high quality, challenging world premieres and special events by leading international artists across different mediums and platforms including digital commissioning.*
  - *Working with key partners to develop lyric programming.*
  - *Sustaining relationships with key artists across a number of festivals.*
  - *Building strong working relationships with leading cultural organisations regionally, nationally and internationally.*
  - *Exploring an 'out of Festival' presence in Manchester.*
  
- 2) To develop Manchester's reputation as a leading international city that understands the power of artistic excellence and innovation to drive up the economy of the city region by**
  - *Growing an ambitious and risk-taking Festival using our successful co-commissioning model.*
  - *Increasing national and international co-commissioning and touring.*
  - *Attracting a conspicuously broad audience, regionally, nationally and internationally.*
  - *Gaining significant media coverage, regionally, nationally and internationally via traditional and new media.*
  - *Expanding skills and capacity and developing talent in the cultural sector in the city region, providing opportunities at the highest level for local cultural producers and practitioners.*
  
- 3) To help build the engagement and creative potential of Manchester's diverse communities through a series of innovative, high quality commissions in the public realm and new community-based commissions and creative development programmes by**
  - *Enhancing the Festival's flagship MIF Creative programme to deepen its engagement, effectiveness and visibility, and to widen its reach through My Festival and public realm commissions which will be free to all.*
  - *Increasing the opportunities for all Manchester residents to engage with the Festival – including*
    - *Continuing with £12 ticket scheme across the entire programme ensuring they reach the communities with lower engagement;*
    - *programming free events across the Festival;*

## Trustees' report (Continued)

- *providing opportunities for volunteering;*
  - *creating welcoming entry points for the broadest range of audiences.*
- *Looking for 'Manchester moments' as part of our commissioning vision.*
- *Ensuring that the Festival continues to provide for children, young people and families through imaginative programming at accessible times.*
- *Building on the success of MIF15's Festival Square and its free artistic programme, making the most of its ability to attract more hard to reach audiences.*

### 4) To ensure that the Festival is a sustainable event – financially and environmentally- by

- *Continuing to build a mixed funding base for the Festival, using increased public sector support to lever in more private sector and international co-commissioning funds whilst maintaining an entrepreneurial approach to fundraising and a rigorous approach to cost control.*
- *Working towards making the Festival a model of sustainability by creating an enduring and balanced approach to economic activity, environmental responsibility and social progress throughout the Festival's activities.*

In the opinion of the Trustees these aims and objectives are consistent with the duty to further its charitable purposes for the public benefit.

The Trustees confirm that they have complied with the duty in chapter 4 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission in respect of public benefit matters.

### **Achievements and performance**

2015/2016 was a non-Festival year. As in previous cycles, the non-Festival year is mainly a time of research and development work by the core team during which proposals for the next Festival are devised and contracted, and when the funding for the next Festival is progressed.

Activities taking place in this year included:

#### ***GISELLE***

*Giselle* is a co-production with English National Ballet and Sadlers Wells of a new re-imaging of this classic ballet choreographed by Akram Khan with design by Tim Yeo and music by Vincenzo Lamagna, inspired by the original ballet composed by Adolphe-Charles Adam. This ballet received its world premiere at the Palace Theatre in Manchester in September 2016 where it played for 10 performances. It then went onto to tour to London, Southampton and Bristol in October/November 2016.

Manchester International Festival and English National Ballet worked together to deliver ***Dialogues with Giselle***, an extensive engagement programme that brought together 489 participants (plus an audience of 1,244 for a sharing of the work) and encompassed a number of creative pathways to give local communities, young people and emerging artists access to elements of the production process.

Key strands included Giselle Creative Fellows (nine emerging professionals from across the city shadowing creatives in choreography, technical, digital content creation and dramaturgy); school workshops taking place across the 10 AGMA boroughs for a total of 340 participants from 26 schools; an Age-Friendly Live Drawing workshop; 20 North West-based fashion students responding to a brief set by Oscar-winning designer Tim Yip; and 26 young dancers taking part in a short dance film based on the themes of *Giselle*. All strands culminated in a special *Giselle* Takeover of the Whitworth Art Gallery on 18 September.

## Trustees' report (Continued)

*Giselle* was intended to be a trail blazer for the type of work that might be seen at Factory.

### **MIF Touring**

MIF Touring was involved with presenting shows across the world, continuing to raise the profile of MIF and Manchester. These included:

- Matthew's Barney's epic operatic film *River of Fundament* continued its travels to the Teatro Comunale in Bologna and New Horizons in Wroclaw, Poland, where it played its final performances.
- 15 Rooms (a production from MIF11) exhibited at the Long Museum in Shanghai from September 2015 to November 2015.
- *Flex'N* (production from MIF15) opened the Reykjavik Arts Festival in May 2016 at Brim, Reykjavik, Iceland.
- Bjork Digital: MIF are producers on *Bjork Digital* a new curated program of Bjork's extensive and groundbreaking music videos, spanning her career thus far, remastered for a unique exhibition cinema experience. This project, opened to critical acclaim at the Vivid Festival at Carriageworks in Sydney in June 2016 and then travelled to Tokyo and London. Demand is high so we expect it to continue to tour in 16/17 and Iceland, Toronto and Houston are now confirmed.

### **Financial review**

As MIF is a biennial Festival, budgets are prepared over a two-year cycle and 2015/6 is the first year of the cycle for the 2017 Festival.

The surplus for this year of £959,559 is the balance mid-way through the cycle and it does not accurately reflect the likely financial position at the end of the MIF17. All of the current surplus is forecast to be spent by 30 September 2017 and approximately £300k of the current reserves is planned to be also expended by the end of the cycle. The reserves for carrying forward into the MIF19 cycle are currently forecast at £252k. MIF ensures robust financial planning, which has contributed to a large proportion of sponsorship and grant income being secured to enable us to deliver the MIF17 Festival.

MIF greatly values the continued support of Manchester City Council, Arts Council England and AGMA as revenue funders.

MIF is working hard to secure income for the 2017 Festival and has been successful in attracting significant co-commissioning income for MIF17 in spite of the impacts of Brexit and on-going financial challenges in arts funding across the world.

### **Investment powers and policy**

Under the company's Memorandum and Articles of Association the charity has the power to invest in any way deemed appropriate. MIF endeavours to make best use of available funds by investing these funds in interest bearing deposit bank accounts.

### **Reserves policy**

The Trustees wish to establish a reserve that will aim to cover three months of fixed costs (excluding project costs). Having reviewed the future plans and the cashflow forecast up to March 2018 the Trustees are of a view that the Charity and group are a going concern.

### **Plans for future periods**

John McGrath started full-time at MIF in January 2016. The Festival is therefore going into a significant period of transition under a new Artistic Director and CEO. Key issues to be considered as part of this transition are:

## Trustees' report (Continued)

- The unique identity of MIF as a festival of cross-art form premieres is key to its impact internationally.
- The capacity of the festival, through co-productions, to take the Manchester Brand around the world is a significant achievement.
- The boldness of the festival, in the artists it commissions and the scale and inventiveness with which it makes work is widely admired.

Areas of potential development for the festival, where a strong start has already been made include:

- Becoming a leader among festivals in the digital arena, building on the strong social media presence in 2015, and on the extraordinary success of the FKA Twigs/Tumblr project.
- Making an ever-stronger connection to Manchester's many communities, building on the success of MIF Creative with a new initiative My Festival which will launch in November 2016 and aims to connect the Festival with Manchester communities in a year-round more sustainable way.
- To produce more work in MIF17 in the public realm to increase access to the work of the Festival and diversify audiences.
- Increasing the amount of work developed and rehearsed in Manchester – with training and shadowing by young people and emerging Manchester artists – enriching the pool of talent in Manchester.

Over the next three festivals MIF will also be building towards and establishing the presence of Factory Manchester. Factory will be a new kind of large scale venue that captures the extraordinary creative vision of Manchester International Festival (MIF), with the partnerships, production capacity and technical sophistication to present innovative contemporary work year-round as a genuine cultural counterweight to London. MIF's vision is integral to the future operations of Factory. During this period the Festival will:

- Establish an increasing range of long-term relationships with artists, companies and institutions – locally, nationally and internationally – who have the capacity to make work for Factory.
- Work to build an ever-stronger and more diverse audience – which will be crucial to the future success of Factory.
- Also develop a year-round programme of community engagement, building on the success of its volunteer programme, providing a wide community of advocates for Factory as it opens.

A Factory Project Director was appointed by Manchester City Council in September 2016 to take the project forward, supported by the Factory Capital Director, who will lead on the capital project.

In difficult financial times, the Festival will need to work actively and innovatively with its key supporter and partner Manchester City Council to ensure the following:

- An increasingly diverse, and international, group of sponsors for the company's work.
- Co-ordination with Factory to ensure that the capital development leads to long-term funders for MIF and Factory programmes.
- Exploration of an increasing range of potential exploitations of Festival productions through transfers, live casts, digital life, and other platforms.
- Partnerships with a range of foundations and others to ensure investment in a wide spectrum of Manchester communities.

## Trustees' report (Continued)

### **Structure, Governance and Management**

#### **Governing Document**

Manchester International Festival (MIF) is a company limited by guarantee governed by its Memorandum and Articles of Association dated 22 November 2004, as amended by a special resolution dated 18 July 2008. The company became a registered charity on 26 April 2006.

#### **Directors and trustees**

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

All directors on the Board are members with the exception of the directors appointed by Manchester City Council. A director must be a person aged 18 years or older who is not disqualified from acting as a director or charity trustee by law.

#### **Appointment and retirement of directors**

The company may, by ordinary resolution, appoint a person who is willing to be a director. Manchester City Council may from time to time by notice in writing appoint up to two persons as directors.

A director appointed by Manchester City Council may at any time be removed from office by notice in writing by the City Council. All other directors are subject to retirement after four years (Articles amended to permit four years from 24 September 2014). A director may be re-appointed for a second term of office, but at the end of the second term of office, may only be appointed for subsequent terms if 75% of the Board agree.

#### **Trustee induction and training**

All new trustees receive a board induction pack including the charity's governing document, details of the responsibilities of charity trustees, the next Festival budget, the most recent management financial statements and papers from the previous two board meetings. The new trustee then has an induction meeting where the contents of the pack are discussed in detail.

#### **Organisation**

The trustees administer the charity. They meet as a board quarterly and have a Finance and Audit sub-committee, which meets prior to each board meeting, and, from July 2014, a Development sub-committee which meets at intervals as required. An Artistic Director & CEO is appointed to administer the day to day operations of MIF. To assist in the effective running of the charity, operational matters including finance, production and marketing, are delegated to the CEO with the approval of the Trustees.

#### **Subsidiary**

On 12 November 2014, a subsidiary MIF Productions was incorporated to deliver specific dramatic productions. The subsidiary is a private company with a £1 share issue and is wholly owned by MIF. The Charity consolidates in its financial statements the results of MIF Productions.

#### **Related parties**

Information concerning the related parties is detailed in note 22 of the financial statements.

#### **Risk management**

Key areas of risk for the organisation include: meeting income targets, specifically box office, co-commissioning, sponsorship and philanthropic donations; not exceeding expenditure estimates especially around larger more complex projects; reputational issues; and the use of found venues including licensing issues.

The charity regularly reviews risk at the Finance and Audit sub-committee meetings. Action is taken to minimise those risks deemed significant and likely. In addition a production risk grid is produced in the run up to the Festival looking at particular risks associated with each production. The Finance and Audit sub-committee reports these findings to the trustees.

## Trustees' report (Continued)

### Reference and administrative details

<b>Charity name</b>	Manchester International Festival
<b>Charity number</b>	1113902
<b>Company number</b>	05292793
<b>Charity address</b>	Blackfriars House Parsonage Manchester M3 2JA
<b>Auditors</b>	Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester M3 3EB
<b>Bankers</b>	The Co-operative Bank, P O Box 250, Delf House, Southway, Skelmersdale WN8 6WT
<b>Solicitors</b>	Eversheds LLP, 70 Great Bridgewater St, Manchester M1 5ES

### **Directors and trustees of Manchester International Festival:**

Thomas Bloxham MBE (Chairman)  
Richard Paver (nominated by Manchester City Council)  
Christopher Oglesby  
Sir Brian McMaster CBE  
Cllr Rosa Battle (nominated by Manchester City Council) (resigned June 2016)  
Cll Luther Rahman (nominated by Manchester City Council) (appointed June 2016)  
Kulwinder Thiarai  
Jeremy Deller  
Joyce Hytner  
Peter Salmon  
Stephen Downes  
Nancy Rothwell  
Keith Black

**Company Secretary:** Fiona Gasper

### **Key Management Personnel:**

#### **Senior Manager of Manchester International Festival**

Chief Executive Officer and Artistic Director - John McGrath

### **Directors of MIF Productions:**

Thomas Bloxham MBE (Chairman)  
Richard Paver  
Fiona Gasper – Company Secretary

## Statement of Trustees' responsibilities

### Trustees' Responsibilities Statement

The trustees (who are also directors of Manchester International Festival for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and the application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

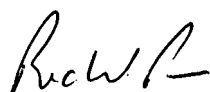
### Statement as to disclosure to our auditors:

Insofar as trustees are aware at the time of approving our trustees' annual report:

there is no relevant audit information, being information needed by the auditor in connection of preparing their report, of which the charitable company's auditor is unaware; and

the trustees, having made enquiries of their fellow directors and the group's auditor that they ought to have individually taken have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees



Richard Paver



## **Independent auditor's report**

to the members of Manchester International Festival

### **Independent auditor's report to the members of Manchester International Festival**

We have audited the financial statements of Manchester International Festival for the year ended 30 September 2016 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

## **Independent auditor's report (continued)**

to the members of Manchester International Festival

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Trustees' Annual Report.

*Grant Thornton vec up*

Carl Williams

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Manchester

Date: *28 February* 2017

## Consolidated statement of financial activities

(including income and expenditure account)

for the year ending 30 September 2016


		Unrestricted	Restricted	Year Ended 30 Sep 16	Year Ended 30 Sep 15
		£	£	£	£
	<b>Note</b>				
<b>Income:</b>					
Donations & Legacies	2	1,467,961	71,744	1,539,705	3,096,035
Charitable Activities	3	1,311,127	-	1,311,127	4,967,324
Other Trading Activities	4	2,030	-	2,030	4,802
Investments	5	5,876	-	5,876	9,385
<b>Total income</b>		<b>2,786,994</b>	<b>71,744</b>	<b>2,858,738</b>	<b>8,077,545</b>
<b>Expenditure</b>					
<b>Cost of raising funds</b>					
Costs of generating income from Sponsors & Donations	6	215,708	2,111	217,818	307,620
<b>Expenditure on charitable activities</b>					
Festival costs	7	1,654,654	26,706	1,681,361	8,086,731
<b>Total expenditure</b>		<b>1,870,362</b>	<b>28,817</b>	<b>1,899,179</b>	<b>8,394,351</b>
<b>Net Movement in Funds</b>	9	916,632	42,927	959,559	(316,806)
<b>Total funds brought forward:</b>					
At 1 October 2015		409,476	146,706	556,182	872,988
<b>Total funds carried forward</b>		<b>1,326,108</b>	<b>189,633</b>	<b>1,515,741</b>	<b>556,182</b>

## Balance Sheet – Consolidated and Charity

At 30 September 2016

	Note	Consolidated 30 Sep 2016 £	Charity 30 Sep 2016 £	Consolidated 30 Sep 2015 £	Charity 30 Sep 2015 £
<b>Fixed assets</b>					
Tangible assets	12	6,978	6,978	4,617	4,617
Investments	24	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
		6,978	6,979	4,617	4,618
<b>Current assets</b>					
Debtors	13	573,294	573,294	1,339,178	1,339,178
Cash and bank balances		<u>1,650,905</u>	<u>1,650,904</u>	<u>1,142,048</u>	<u>1,142,047</u>
		2,224,199	2,224,198	2,481,226	2,481,225
<b>Creditors:</b>					
Amounts falling due within one year	14	(715,436)	(715,436)	(1,929,661)	(1,929,661)
<b>Net current assets</b>		1,508,763	1,508,762	551,565	551,564
<b>Net assets</b>		<u>1,515,741</u>	<u>1,515,741</u>	<u>556,182</u>	<u>556,182</u>
<b>Funds</b>					
Unrestricted Funds - General	16	1,326,108	1,326,108	409,476	409,476
Restricted Funds	16	189,633	189,633	146,706	146,706
		<u>1,515,741</u>	<u>1,515,741</u>	<u>556,182</u>	<u>556,182</u>

These financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

  
 Richard Paver  
 Date: 22/2/17

## Notes to the financial statements

at 30 September 2016

### 1. Accounting policies

#### ***Basis of preparation***

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. Assets and liabilities are initially recognised at historical costs or transaction value unless otherwise stated in the relevant accounting policy note.

#### ***Preparation of the accounts on a going concern basis***

The trustees are satisfied that having reviewed a cashflow forecast for a period not shorter than 12 months from the date of signing these financial statements the business is a going concern, and these financial statements have been prepared on that basis.

#### ***Statement of cash flows***

As a small company, no statement of cash flows is required to be prepared under the exemption allowed by the Financial Reporting Standard for Smaller Entities (effective January 2015).

#### ***Group financial statements***

These financial statements consolidate the results of the Charity Manchester International Festival (MIF) and its wholly owned subsidiary, MIF Productions on a line by line basis. The accounting period for MIF Productions is co-terminus with that of the Charity. No separate statement of financial activities was presented for the Charity alone as permitted by section 408 of the Companies Act 2006.

#### ***Funds***

Unrestricted funds comprise accumulated surpluses and deficits on general funds and are available for use at the discretion of the Board in furtherance of the general charitable objectives. Restricted funds are funds subject to specific restricted conditions imposed by the donors, or which have been raised by the charity for particular purposes.

#### ***Income recognition policy***

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity or its subsidiary have entitlement to the funds;
- any performance conditions attached to the items of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient certainty that receipt of the income is considered probable; and
- the amount can be measured reliably.

#### ***Donated services and facilities***

Donated services or facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item has been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

#### ***Resources expended***

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Cost of generating funds comprises the costs associated with attracting voluntary income and the costs of the expenditure for raising sponsorship income.

## Notes to the financial statements (continued)

at 30 September 2016

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories on the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

### **Depreciation**

Depreciation has been provided to write off cost, less estimated residual values, of tangible fixed assets over £1,000 evenly over their expected useful lives. It is calculated at the following rates:

Equipment	– 50% straight line per annum
Fixtures and fittings	– 33 1/3%-50% straight line per annum

### **Pension costs**

The Charity operates a defined contribution scheme. The assets of this scheme are held separately from those of the Charity, being invested by insurance companies. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the Charity in the year.

### **Leasing commitments**

Rentals payable under operating leases are charged as expenditure to the Statement of Financial Activities on a straight line basis over the lease term.

### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract.

## Notes to the financial statements (continued)

at 30 September 2016

### 2 Donations & Legacies

	Unrestricted	Restricted	30-Sep-16	30-Sep-15
	£	£	£	£
Manchester City Council	1,000,000	-	1,000,000	1,503,000
Arts Council England	389,511	-	389,511	1,008,325
Arts Council England project grant	-	-	-	35,173
Association of Greater Manchester Authorities	55,000	-	55,000	125,000
Stavros Niarchos Foundation	-	50,000	50,000	160,000
Other Trusts & Foundations	-	21,744	21,744	125,149
Individual Donations	23,450	-	23,450	139,388
	<u>1,467,961</u>	<u>71,744</u>	<u>1,539,705</u>	<u>3,096,035</u>

### 3 Income from Charitable Activities

	Unrestricted	Unrestricted
	30-Sep-16	30-Sep-15
	£	£
Support from Sponsors	613,401	1,774,472
Contractual income from Local Authorities	145,353	-
Box Office (Admission charges)	-	1,527,546
Income from co-production & co-commissioning activities	441,355	1,135,536
Income from touring activities	92,796	369,534
Membership, Sale of Programmes and Ancilliary activities	18,222	160,235
	<u>1,311,127</u>	<u>4,967,324</u>

### 4 Income from other trading activities

	30-Sep-16	30-Sep-15
	£	£
Sales of merchandise	<u>2,030</u>	<u>4,802</u>

### 5 Income from investments

	30-Sep-16	30-Sep-15
	£	£
Interest receivable	<u>5,876</u>	<u>9,385</u>

### 6 Costs of generating income from sponsors & donations

	30-Sep-16	30-Sep-15
	£	£
Wages and salaries	179,430	212,137
Direct costs	21,146	74,684
Support costs (Note 8)	17,243	20,799
	<u>217,819</u>	<u>307,620</u>

## Notes to the financial statements (continued)

at 30 September 2016

### 7 Analysis of charitable expenditure - Festival costs

The charity undertakes direct charitable activities only and does not make grant payments.

	Direct Costs £	Wages and Salaries £	30-Sep-16 £	30-Sep-15 £
Core Festival Costs	-	454,327	454,327	473,316
R&D	84,031	-	84,031	82,146
Commission Costs	294,253	317,193	611,446	5,896,067
Branding and advertising	117,598	129,937	247,535	1,172,250
Volunteers	-	-	-	59,353
Governance costs	7,287	25,031	32,318	41,687
Support costs (note 8)	251,703	-	251,703	361,912
	<u>754,872</u>	<u>926,488</u>	<u>1,681,360</u>	<u>8,086,731</u>

### 8 Support costs

The charity allocates its support costs as shown in the table below and then further apportions these costs on a basis consistent with the use of resources.

	Generating Income £	Governance £	Charity Activity £	30-Sep-16 £	30-Sep-15 £
Wages and salaries	-	25,031	-	25,031	29,281
Professional fees and charges	-	6,280	1,529	7,809	59,011
Other staff costs	7,443	1,007	43,731	52,181	98,936
Depreciation	-	-	5,730	5,730	5,563
Running expenses	9,800	-	88,204	98,004	119,004
Premises costs	-	-	112,509	112,509	112,603
	<u>17,243</u>	<u>32,318</u>	<u>251,703</u>	<u>301,264</u>	<u>424,398</u>

### 9 Movement in total funds for the period

Net movements in funds are stated after charging:

	30-Sep-16 £	30-Sep-15 £
Auditors' remuneration – current period	6,180	12,000
Operating lease rentals – land & buildings	110,755	110,071
Depreciation	<u>5,730</u>	<u>5,563</u>



## Notes to the financial statements (continued)

at 30 September 2016

### 10 Analysis of staff costs

	30-Sep-16 £	30-Sep-15 £
Wages and salaries (includes production wages)	970,616	1,355,938
Social security costs	105,487	145,113
Other pension costs	29,815	35,689
	<u>1,105,918</u>	<u>1,536,740</u>

Number of employees:

The average number of full-time equivalent employees  
(including casual and part time staff) during the period was as follows:

	30-Sep-16 No.	30-Sep-15 No.
Festival	19	32
Fundraising	3	4
Governance	1	1
	<u>23</u>	<u>37</u>

The number of staff who were paid more than £60,000 in the following ranges were:

	30-Sep-16 No.	30-Sep-15 No.
£ 60,001 - £ 70,000	1	2
£ 90,001 - £100,000	1	-
£100,001 - £110,000	1	2
	<u>3</u>	<u>4</u>

3 (2015 – 4) of the higher-paid staff are members of the company's defined contribution pension scheme. A total of £10,922 (2015 – £17,527) was paid in pension contributions for these employees.

### 11 Board's remuneration and reimbursed expenses

None of the Board members received remuneration for their services during the year. Two board members received re-imbursed travel expenses of £244.20 and £246.40.

## Notes to the financial statements (continued)

at 30 September 2016

### 12 Tangible Fixed Assets

	Equipment	Fixtures & Fittings	Total
	£	£	£
Cost:			
At 1 October 2015	142,837	17,037	159,874
Additions	8,091	-	8,091
Disposals	-	-	-
At 30 September 2016	150,928	17,037	167,965
Depreciation:			
At 1 October 2015	138,220	17,037	155,257
Charge for the year	5,730	-	5,730
At 30 September 2016	143,950	17,037	160,987
Net book value:			
At 30 September 2016	6,978	-	6,978
At 30 September 2015	3,867	-	3,867

### 13. Debtors

	Group 30-Sep-16	Charity 30-Sep-16	Group 30-Sep-15	Charity 30-Sep-15
	£	£	£	£
Trade debtors	505,617	505,617	514,205	514,205
Other debtors	4,834	4,834	309,914	309,914
Prepayments	31,088	31,088	283,622	283,622
Accrued Income	31,755	31,755	35,015	35,015
VAT	-	-	196,421	196,421
	573,294	573,294	1,339,177	1,339,177

### 14 Creditors: amounts falling due within one year

	Group 30-Sep-16	Charity 30-Sep-16	Group 30-Sep-15	Charity 30-Sep-15
	£	£	£	£
Trade creditors	11,884	11,884	914,133	914,133
Accruals	337,330	337,330	845,973	845,973
Deferred income	297,743	297,743	169,555	169,555
VAT	68,479	68,479	-	-
	715,436	715,436	1,929,661	1,929,661

## Notes to the financial statements (continued)

at 30 September 2016

### 15 Deferred income - Group and Charity

Deferred income comprises grants and received in advance of expenditure incurred:

	<b>Group</b>	<b>Charity</b>
	<b>£</b>	<b>£</b>
At 1 October 2015	169,556	169,556
Amount released in the year	(169,556)	(169,556)
Amount deferred in the period	297,743	297,743
At 30 September 2016	<u>297,743</u>	<u>297,743</u>

### 16 Analysis of charitable funds

#### Movement in Funds

	<b>Balance at 1 Oct 2015</b>	<b>Net incoming resources</b>	<b>Net outgoing resources</b>	<b>Balance at 30 Sep 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Analysis of unrestricted fund movements:				
General Fund	409,476	2,786,994	(1,870,362)	1,326,108
Analysis of restricted fund movements:				
Restricted Fund	146,706	71,744	(28,817)	189,633
	<u>556,182</u>	<u>2,858,738</u>	<u>(1,899,179)</u>	<u>1,515,741</u>

### 17 Analysis of net assets between funds - Group

	<b>General Fund</b>	<b>Restricted Fund</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Fixed Assets	6,978	-	6,978
Current assets	2,034,566	189,633	2,224,199
Current liabilities	(715,436)	-	(715,436)
	<u>1,326,108</u>	<u>189,633</u>	<u>1,515,741</u>

## Notes to the financial statements (continued)

at 30 September 2016

### 18 Share Capital

The charitable company is limited by guarantee and has no share capital. The liability of the members is limited. In the event of the charitable company being wound up, the liability of the members in respect of their guarantee is limited to £10. The members' liability applies during the time they are members of the charitable company or one year thereafter as stated in the Memorandum of Association.

The wholly owned subsidiary MIF Productions is limited by shares. Its share capital is £1.

### 19 Taxation

The company is a registered charity and no provision for taxation is considered necessary.

### 20 Operating lease commitments

Annual amounts payable under operating leases shown below are analysed according to the expiry of the leases.

	<b>Land &amp; Buildings 30 Sep 16 £</b>	<b>Land &amp; Buildings 30 Sep 15 £</b>
Operating leases which expire:		
Within one year	-	-
Within two to five years	108,447	110,071

### 21 Pension arrangements

For 6 months MIF participated in The Pension Trust's Growth Plans (Series 3 and 4) and Ethical Plan on behalf of 13 employees. On 1 April 2016, a new scheme was set up by Scottish Widows and all existing members (13) were transferred to it. Due to the nature of the Plans, the accounting charge for the period under FRS17 represents the employer contribution payable. For the year, the pension contributions charged to the accounts totalled £29,815 (£35,689 for the year ended 30 Sep 2015). £5,705 of the pension contributions were still due to Scottish Widows at 30 September 2016.

## Notes to the financial statements (continued)

at 30 September 2016

### 22 Related parties

The charity has a close working relationship with Manchester City Council (MCC) which has nominated two of the charity's trustees and provides a significant proportion of the funding to enable the charity to carry out its charitable objectives, principally the delivery of a biannual festival. The income from MCC for the year is disclosed in note 2.

MIF also receives grant funding from Arts Council England (ACE), the grant for the year is disclosed in note 2.

During the year, the charity was provided with rent-free offices (valued at £100,971) by Bruntwood Limited and received sponsorship income from National Car Parks Manchester Limited, both of which had board members who acted as trustees of the Festival.

As the funding received from such bodies is applied to pursue the normal, independent activities of the charity and in no way inhibits it from doing so, none of the transactions with these bodies is regarded as a related party transaction that needs to be disclosed in further detail in the accounts.

Other less significant sums of income and expenditure are also received from and paid to bodies which trustees have connections with but the amounts are not material and arise in the normal course of business.

MIF Productions has common board members/directors with MIF. At the balance sheet date, there was nothing due to MIF from MIF Productions.